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 AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review

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Average spot cotton quotations were lower than the previous week, according to the USDA, Agricultural Marketing Service's Cotton Program. Quotations for the base quality of cotton (color 41, leaf 4, staple 34, mike 35-36 and 43-49, strength 26.5-28.4, uniformity 81) in the seven designated markets averaged 44.40 cents per pound for the week ending Thursday, October 28. The weekly average was down from 44.85 cents per pound for the previous week and 76.85 cents for the corresponding week a year ago. Quotations ranged from a high of 45.06 cents on Wednesday, October 27 to a low of 43.47 cents on Thursday, October 28. The New York December futures settlement price ended the week at 45.31 cents per pound as compared to 45.81 cents last week.

The USDA announced on October 28 that the Adjusted World Price (AWP) was 36.87 cents per pound and for the period October 29 through November 4, the Loan Deficiency Payment (LDP) rate for Upland cotton will be 15.13 cents per pound, the Extra Long Staple (ELS) Competitiveness Payment for Pima cotton will be 32.08 cents per pound, and the User Marketing Certificate Rate (Step 2) Payment for Upland cotton is 2.32 cents per pound.

Southeastern markets. Trading of spot cotton was slow. Supplies were moderate. Producer offerings were light. Cotton was slow to enter marketing channels; some producers were slow to respond to merchant bids, other producers delayed marketing their cotton in anticipation of a higher Loan Deficiency Payment (LDP). Demand was very good for cotton available for immediate delivery. NY December futures prices fluctuated within a narrow range during the week. Mixed lots of color 41 and better, leaf 3 and better, staple mostly 34 and longer, mike 43-49, and strength averaging 28.5 and higher sold for 45 cents per pound, FOB car/truck (Rule 5, compression charges paid). A moderate volume of mixed lots of mostly color 41 and better, leaf 4 and better, staple 35 and longer, mike 35-49, and strength averaging 29 and higher sold for 100 points off NY December futures, same terms as above. Domestic mill buyers were mostly concerned with scheduling deliveries of previously contracted cotton for October and November to replenish dwindling inventories of raw cotton. Agents for foreign mills made inquiries for a light volume of 2004-crop cotton. Interest was best from India and Turkey. A few producers fixed the price on contracted cotton.

Scattered showers delayed harvesting early in the period in north Alabama and in the Carolinas late in the period. Lingering fog and misty mornings delayed picking in areas of Georgia until mid-day. Gins in Alabama and South Carolina took advantage of the harvesting delays to reduce backlogged modules. Ginning activity in Georgia and North Carolina continued uninterrupted. Yields continued to range from 800 to 1,200 pounds per acre in North Carolina and Virginia, 800 to 1,000 pounds in north Alabama, and 500 to 700 pounds in central and south Alabama. According to the NASS *Crop Progress* report for the week ending October 24, 53 percent of the crop was harvested in

North Carolina, 45 percent in South Carolina, 44 percent in Georgia, 41 percent in Alabama, and 40 percent in Virginia.

South Central markets. Spot cotton trading was slow. Demand was light. Available supplies were light. Local prices were steady. A light volume of color 41 and better, leaf 4, staple 34 and longer, mike 49 and 50, strength averaging about 27.5, and uniformity around 80 sold for about 43.00 cents per pound, FOB car/truck (Rule 5, compression charges paid). A moderate volume in even-running lots of color 21 and better, leaf 2 and better, staple 36, strength averaging about 31, and uniformity averaging about 82 sold for around 51.50 cents, same terms as above.

Agents for Far Eastern mills made a few inquiries for prompt through nearby shipment. Interest was best for discounted cotton, but available supplies were light. No sales were reported. Scattered showers fell early in the week and accumulations ranged from one-half an inch up to two inches in parts of western Tennessee and the Bootheel of Missouri. Soft ground conditions from persistent showers delayed harvesting activities. Most ginning operations were uninterrupted because they had a backlog of moduled seed cotton on the gin yards. Producers in Arkansas, Mississippi, and Louisiana resumed outside activities in spite of rain showers early in the reporting period. Producers in the wettest areas of Missouri, Tennessee, and Arkansas expressed that the effect of persistent rains would result in lower yields and grades. Yields continued to be better than expected throughout the region prior to the rain storms of the past two weeks. Yields in Tennessee and Missouri averaged 750 to 850 pounds per acre. Yields in Arkansas and Mississippi averaged between 1,250 to 1,400 pounds on irrigated fields. Most producers in Louisiana were very pleased with yields ranging from 750 to 1,000 pounds per acre.

Southwestern markets. Trading of spot cotton was moderate in the East Texas/Oklahoma and West Texas markets. Supplies were moderate. Demand was moderate. Local and NY futures prices were steady. Domestic mill inquiries were slow. Interest was best for color 42, leaf 4, and staple 33. Foreign mill representatives inquired for color 21, leaf 2, and staple 35.

A light volume of south Texas 2004-crop cotton that contained color 31 and 41, leaf 5, staple 36 and longer, and mike 35-48 traded for around 40.50 cents per pound, FOB warehouse (compression charges not paid).

Temperatures remained above average, which helped to dry fields wet from previous heavy rains. Defoliation continued. Final harvesting was underway as dry weather conditions prevailed most of the week although light rain showers fell late in the period and were in the forecast for the next few days. Harvesting was winding up with only a few gins still working. Most gins had a backlog of modules to process, so ginning activities will continue as normal. Picking and stripping made good progress.

A light volume of west Texas 2004-crop cotton that consisted of mostly color 41, 42, and 52, leaf 3 and 4, staple 35-37, and mike 33-38 traded for around 39.75 cents, FOB warehouse (compression charges not paid).

Late planted cotton benefited from temperatures that were in the high 70s to lower 80s for most of the week. The forecast of rain showers in the near term raised fears of yield and quality losses.

The Oklahoma and Kansas cotton crop were progressing slightly behind past years due to storms and cooler weather earlier in the season. Harvesting was just getting underway.

Western markets. Spot trading of Upland cotton was inactive in the San Joaquin Valley (SJV). Supplies were moderate. Demand was moderate. No spot transactions were reported. The Commodity Credit Corporation (CCC) sold a very light volume of 2003-crop cotton of mostly staple 34 and shorter for 38.00 cents per pound, FOB warehouse (storage charges pre-paid). Buyers for mills

in China purchased a moderate volume of Acala cotton of color 31 and better, leaf 3 and better, staple 36 and longer, and mike 37-42. Representatives for mills in Japan showed interest in non-Acala varieties.

A strong cold front brought rain and cooler temperatures to the SJV. Rainfall amounts ranged from one to one and one-quarter inches and stopped harvesting. Dry weather conditions along with light winds were needed to dry out cotton fibers.

Spot trading of Upland cotton in the Desert Southwest (DSW) was inactive. Supplies of new-crop cotton were moderate. Demand was light. Equities in a moderate volume of CCC loan cotton traded for around seven cents. The same cold front that soaked California was expected to be in the Phoenix area late in the period. Producers picked cotton into early morning hours in anticipation of the forecasted storm. Limited harvesting and ginning was underway in the Upper Pecos Valley area of New Mexico and El Paso.

American Pima spot cotton trading was inactive. Supplies were light. Demand was moderate. Yield expectations dropped due to the recent rains. Many producers were still unable to resume harvesting since the first rain about nine days ago. Interest increased for color 2 and better, leaf 2 and better, and staple 46 and longer for prompt delivery. Producers resumed harvesting in Arizona.

Textile mill report. Domestic mill buyers purchased a light volume of 2004-crop cotton for December forward deliveries. Interest was good for color 31, leaf 3, staple 35, mike 37-46, strength 30 and higher, and uniformity 81 and higher. Several mill buyers inquired for a light to moderate volume of 2004-crop cotton for November through January delivery. Many merchants and mill buyers reported that the basis has strengthened because of the limited availability of 2004-crop cotton for prompt and nearby shipment. Merchants were reluctant to commit to the November and December delivery time frame and offered to sell the cotton for January through March deliveries. Mill buyers continued to pressure merchants and cooperatives to deliver cotton that was purchased for October and November delivery. Most mills continued to operate on a five to six day production schedule.

USDA announced special import quota #14 for Upland cotton. The Department of Agriculture's Commodity Credit Corporation announced on October 28, 2004 a special import quota for Upland cotton that permits importation of a quantity of upland cotton equal to one week's domestic mill use. The quota will be established on November 4, 2004, allowing importation of 26,726,064 kilograms (122,752 bales) of Upland cotton.

Quota number 14 will be established as of Nov. 4, 2004, and will apply to Upland cotton purchased not later than Feb. 1, 2005, and entered into the U.S. not later than May 2, 2005. The quota is equivalent to one week's consumption of upland cotton by domestic mills at the seasonally-adjusted average rate for the period July 2004 through September 2004.

Future quotas, in addition to the quantity announced on October 28, will be established if price conditions warrant.

Number of Bales in Certificated Stocks

Delivery Points	Stocks as of 10/28/2004	Awaiting Review	Non-Rain Grown Cotton	May 03 & Forward *
Galveston	9,650	0	350	9,645
Houston	0	0	0	0
Memphis	50,837	5,231	570	49,661
Greenville	2,210	0	0	2,210
Total	62,697	5,231	920	61,516

* Calculated by subtracting "Strength<25gpt" from most recent Total Stock numbers; these bales are deliverable on the May 2003 contract and forward.

Sources: USDA, AMS, Cotton Program and New York Board of Trade.

**Cotton ginned prior to October 15, in running bales, by states,
crops of 2001-2004**

State	Ginnings			
	2001	2002	2003	2004
All Cotton				
Alabama	120,450	112,650	118,500	170,250
Arizona	111,550	109,150	74,300	102,800
Arkansas	638,700	348,100	384,100	503,950
California	190,450	157,950	35,450	265,200
Florida 1/	16,500		12,950	
Georgia	256,150	248,300	228,050	293,850
Louisiana	415,650	266,650	514,300	321,850
Mississippi	764,750	573,900	872,700	826,000
Missouri	225,750	126,300	89,300	186,000
New Mexico 1/	9,000		1,000	
North Carolina	124,250	116,850	19,950	244,200
Oklahoma	12,850	30,450	13,950	21,550
South Carolina	60,550	18,350	14,200	66,050
Tennessee	319,450	170,950	145,050	229,550
Texas	1,342,100	1,217,550	1,295,050	1,509,450
Virginia 1/	8,150		0	19,450
United States	4,616,300	3,519,550	3,818,850	4,771,550
American Pima				
Arizona 1/		3,000		
California	11,650	15,000		54,800
New Mexico				0
Texas 1/			250	
United States 1/	16,200	19,850	7,500	55,200

1/ Not published to avoid disclosing individual gins, but included in U.S. totals.

Source: National Agricultural Statistics Service, USDA.

World market price for upland cotton, in cents per pound, in effect from 12:01 a.m., EST, Friday through midnight, EST, Thursday

Description	2004					
	Sep.	Oct.	Oct.	Oct.	Oct.	Oct. 29-
	24-30	1-7	8-14	15-21	22-28	Nov. 4
Adjusted world price 1/	39.94	39.61	38.42	37.69	37.62	36.87
Coarse count adjustment	0.00	0.00	0.00	0.00	0.00	0.00
Loan Deficiency Payment (LDP)	12.06	12.39	13.58	14.31	14.38	15.13

1/ Color 41, leaf 4, staple 34, mike 35-36 & 43-49, strength readings of 26.5-28.4 grams per tex, length uniformity of 81 percent.

Source: Farm Service Agency, USDA.

Step 2 payment rate for upland cotton, in cents per pound, in effect from 12:01 a.m., EST, Friday through midnight, EST, Thursday

Description	2004					
	Sep.	Oct.	Oct.	Oct.	Oct.	Oct. 29-
	24-30	1-7	8-14	15-21	22-28	Nov. 4
U.S. Northern Europe price 1/	53.95	53.95	53.50	52.85	54.50	54.25
Northern Europe price 1/	55.00	54.67	53.48	52.75	52.68	51.93
User Marketing Certificate rate	0.00	0.00	0.00	0.00	0.00	2.32

1/ Grade 31, staple 35, mike 35-49.

Source: Farm Service Agency, USDA.

New York futures contract settlement, designated spot market average for color 41, leaf 4, staple 34, and 'A' and 'B' Index cotton prices in cents per pound

Date	Color 41, Leaf 4, Staple 34					7 Market Average	Grade 31 Staple 35 'A' (NE) 1/	Coarse Count 'B' (NE) 1/	Far Eastern 'A' Index 1/
	Futures Settlement								
	Dec '04	Mar '05	May '05	Jul '05	Oct '05				
Oct 22	45.67	45.54	46.95	48.10	50.65	43.87	51.80	49.90	50.15
Oct 25	46.54	46.24	47.23	48.40	50.75	44.78	51.80	49.90	50.15
Oct 26	46.62	45.88	47.02	48.20	50.62	44.84	52.15	50.40	50.30
Oct 27	46.83	45.67	46.90	48.09	50.25	45.06	52.20	50.60	50.35
Oct 28	45.31	44.54	45.96	47.16	49.65	43.47	51.70	50.60	50.05

1/ C.I.F. Northern Europe and C.F. Far Eastern price furnished by Cotton Outlook of Liverpool.

U.S. upland cotton export sales and exports, in running bales, for week and year, marketing years 2003-2004 and 2004-2005

Description	Marketing Years			
	2003-2004		2004-2005	
	Through Oct 23, 2003		Through Oct. 21, 2004	
	Week	Mkt. Year	Week	Mkt. Year
Outstanding sales	-	4,346,300	-	4,555,800
Exports	96,200	1,609,800	105,400	1,398,900
Total export commitments	-	5,956,100	-	5,954,700
New sales	1,429,200	-	114,400	-
Buy-backs and cancellations	800	-	41,900	-
Net sales	1,428,200	-	72,500	-
Sales next marketing year	29,300	165,000	0	172,800

Net Upland sales of 72,500 RB were 61 percent below the week earlier, according to the Foreign Agricultural Service, USDA. The primary buyers were China (34,300 RB), Turkey (15,300 RB), Indonesia (11,000 RB), Thailand (8,700 RB), Canada (8,000 RB), and Colombia (7,000 RB). Decreases were reported for Pakistan (30,300 RB) and Hong Kong (8,100 RB). Exports of 105,400 RB were 2 percent over the previous week and 20 percent above the prior 4-week average. The primary destinations were Turkey (19,900 RB), Mexico (18,800 RB), Indonesia (17,800 RB), China (7,100 RB), Colombia (6,600 RB), and Thailand (5,700 RB). Net American Pima sales of 42,800 RB--a marketing-year high--were mainly to China (11,100 RB), Pakistan (10,700 RB), Peru (7,700 RB), and Japan (3,000 RB). Exports of 9,200 RB were primarily for Pakistan (4,500 RB) and Taiwan (3,300 RB).

Source: Export Sales Reporting Division, Foreign Agricultural Service (FAS).

Spot quotations are in cents per pound for cotton equal to the Official Standards, net weight, in mixed lots, compressed, FOB car/truck.

SOUTHEAST				NORTH DELTA				Staple	SOUTH DELTA				DESERT SOUTHWEST			
31-3	41-4	51-5	42-4	31-3	41-4	51-5	42-4		31-3	41-4	51-5	42-4	21-2	31-3	41-4	51-5
44.06	42.56	39.81	40.31	45.56	42.31	37.06	40.81	33	45.56	41.56	37.06	40.56	44.31	43.56	40.56	39.06
44.81	43.31	40.31	40.81	46.06	43.56	39.56	42.81	34	45.31	43.56	40.06	42.81	47.56	45.81	43.81	39.56
45.31	44.06	41.31	41.06	47.06	44.06	40.06	43.06	35	46.56	44.31	40.56	43.06	50.56	49.31	45.56	40.06
45.81	44.81	41.31	41.06	47.31	44.56	40.06	43.06	36	46.81	44.56	40.56	43.06	52.66	51.41	46.41	40.16

EAST TEXAS-OKLAHOMA				WEST TEXAS				Staple	SAN JOAQUIN VALLEY			
21-2	31-3	41-4	42-4	21-2	31-3	41-4	42-4		21-2	31-3	41-4	32-3
41.00	40.00	39.00	38.75	40.75	40.00	38.75	38.75	29				
41.75	41.00	39.50	39.25	41.50	40.75	39.25	39.25	30				
42.25	41.50	40.75	39.25	41.75	41.25	40.25	39.25	31				
43.00	42.25	41.25	40.25	42.00	41.25	41.00	40.00	32				
44.50	44.00	42.75	40.75	44.00	43.00	42.00	40.75	33				
46.75	45.25	43.00	42.00	45.25	43.50	42.50	41.75	34	50.06	49.56	44.56	45.06
48.25	46.50	43.50	42.50	46.00	45.50	44.25	43.25	35	55.81	54.31	47.06	48.06
49.25	46.75	44.50	44.50	47.50	46.75	45.00	44.25	36	57.21	54.61	47.36	48.31

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	E. TX OK	Mike Ranges	WEST TEXAS	DESERT SW	SJ VALLEY	AVG.
				24 & Below	-950	-1200		-1033
-825	-1000	-1100	-750	25-26	-750	-1000		-904
-425	-650	-750	-475	27-29	-475	-825	-1250	-693
-275	-275	-325	-325	30-32	-325	-300	-550	-339
-150	-125	-125	-175	33-34	-175	-150	-350	-179
0	0	0	0	Base 35-36	0	0	0	0
0	25	25	15	37-42	15	25	25	19
0	0	0	0	Base 43-49	0	0	0	0
-225	-175	-225	-175	50-52	-175	-275	-450	-243
-325	-275	-325	-250	53 & Above	-250	-475		-317

STRENGTH DIFFERENCES

UNIFORMITY DIFFERENCES

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	E. TX OK	Grams per tex	WEST TEXAS	DESERT SW	SJ VALLEY	AVG.	SOUTH-EAST	NORTH DELTA	SOUTH DELTA	E. TX OK	Unit	WEST TEXAS	DESERT SW	SJ VALLEY	AVG.
			-175	18.5-19.4	-175			-175	-100	-50	-50	-60	77 & below	-60	-80	-60	-66
			-175	19.5-20.4	-175			-175	-85	-40	-40	-50	78	-50	-70	-50	-55
-425	-275	-275	-150	20.5-21.4	-150	-450		-288	-75	-30	-30	-40	79	-40	-60	-40	-45
-350	-225	-225	-125	21.5-22.4	-125	-300		-225	0	0	0	0	80	0	0	0	0
-300	-175	-175	-100	22.5-23.4	-100	-150		-167	0	0	0	0	Base 81	0	0	0	0
-250	-125	-125	-100	23.5-24.4	-100	-100	-100	-129	0	0	0	0	82	0	0	0	0
-200	-100	-100	-100	24.5-25.4	-100	-100	-100	-114	20	30	30	0	83	0	30	30	20
-50	-25	-25	-50	25.5-26.4	-50	-50	-50	-43	30	40	40	10	84	10	40	40	30
0	0	0	0	Base 26.5-28.4	0	0	0	0	40	50	50	20	85	20	50	50	40
0	0	0	0	28.5-29.4	0	0	0	0	50	60	60	30	86 & above	30	60	60	50
25	0	0	25	29.5-30.4	25	25	25	18									
50	50	50	25	30.5-32.4	25	50	50	43									
50	50	50	25	32.5 & Above	25	50	75	46									

LANDED MILL QUOTATIONS - GROUP 201 MILL POINTS

Cents per pound, even running lots, mike 35-49, strength 23.5 or more grams per tex, net weight, prompt shipment, delivered brokerage included.

Quotations for group 200 mill points are slightly higher and for Alabama, Georgia and east Tennessee mills are slightly lower.

SE GROWTH AREA				DELTA GROWTH AREA				Staple	TX-OK GROWTH AREA				SJV GROWTH AREA		
31-3	41-4	51-5	42-4	31-3	41-4	51-5	42-4		31-3	41-4	32-3	42-4	31-3	41-4	51-5
								31	46.00	45.25	45.00	43.75			
								32	46.25	45.50	45.25	44.00			
46.50	46.00	44.50	44.75	47.25	46.50	44.50	44.75	33	48.00	47.00	46.75	45.25			
48.50	47.75	45.25	45.50	49.75	48.50	45.25	45.50	34	50.75	49.00	48.75	46.25	58.00	56.50	52.50
49.50	48.25	45.75	46.00	50.00	48.50	45.75	46.00	35					60.50	58.50	54.50
								36					61.50	58.50	54.50

American Pima quotations are for cotton equal to the Official Standards, net weight, in mixed lots, uncompressed, FOB warehouse. 1/

DESERT SOUTHWEST PIMA DIFFERENCES					SAN JOAQUIN VALLEY PIMA DIFFERENCES				
Color	Leaf	Staple			Color	Leaf	Staple		
		44	46	48			44	46	48
1	1	94.25	97.75	99.75	1	1	98.75	104.00	106.00
	2	94.25	97.50	99.50		2	98.75	104.00	106.00
	3	92.00	94.50	94.50		3	96.75	100.25	101.00
	4	-	-	-		4	-	-	-
	5	-	-	-		5	-	-	-
	6	-	-	-		6	-	-	-
2	1	92.75	96.75	97.75	2	1	97.25	103.25	104.75
	2	92.75	96.75	97.75		2	97.25	103.00	104.50
	3	91.75	94.00	94.00		3	96.75	99.00	99.75
	4	71.25	73.00	74.00		4	74.50	77.00	77.75
	5	-	-	-		5	-	-	-
	6	-	-	-		6	-	-	-
3	1	86.00	90.50	92.00	3	1	92.75	97.00	98.00
	2	86.00	90.50	92.00		2	92.75	97.00	98.00
	3	85.00	88.75	89.50		3	91.25	93.50	94.50
	4	69.00	71.25	72.00		4	73.00	75.75	76.50
	5	67.50	69.00	70.25		5	69.00	70.00	71.25
	6	-	-	-		6	-	-	-
4	1	67.75	70.25	70.25	4	1	71.25	73.75	73.75
	2	67.75	70.25	70.25		2	71.25	73.75	73.75
	3	67.25	70.25	70.25		3	70.75	73.75	73.75
	4	66.75	69.75	69.75		4	70.25	73.25	73.25
	5	65.50	66.50	66.50		5	66.00	67.00	67.00
	6	-	-	-		6	-	-	-
5	1	-	-	-	5	1	-	-	-
	2	59.25	59.75	59.75		2	60.75	61.25	61.25
	3	59.25	59.75	59.75		3	60.75	61.25	61.25
	4	59.25	59.75	59.75		4	60.75	61.25	61.25
	5	58.75	59.00	59.00		5	60.50	61.00	61.00
	6	-	-	-		6	-	-	-
6	1	-	-	-	6	1	-	-	-
	2	50.00	50.25	50.25		2	51.50	51.75	51.75
	3	50.00	50.25	50.25		3	51.50	51.75	51.75
	4	50.00	50.25	50.25		4	51.50	51.75	51.75
	5	49.75	50.00	50.00		5	51.25	51.50	51.50
	6	49.50	49.50	49.50		6	50.75	51.00	51.00

Mike ranges	Points per pound	Extraneous Matter		Mike ranges	Points per pound	Extraneous Matter	
		Level	Diff.			Level	Diff.
		Preparation				Preparation	
26 & Below	-1350	1	-475	26 & Below	-1350	1	-625
27-29	-900	2	-850	27-29	-900	2	-900
30-32	-525	Bark, Grass, Sp.twist, Other		30-32	-500	Bark, Grass, Sp.twist, Other	
33-34	-350	1	-400	33-34	-350	1	-525
35 & Above	0	2	-700	35 & Above	0	2	-850

1/ Pima spot quotations for other color-leaf combinations not quoted will be included as sales of those qualities are reported.

October 28, 2004